

# Investor Presentation Half-year results 2009

September 10, 2009



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## Agenda

Key achievements 1HY 2009    Rudolf Hadorn

Financial results 1HY 2009    Markus Knuesli Amacker

Strategy implementation and  
business outlook FY 2009    Rudolf Hadorn

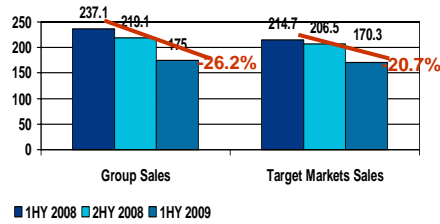
## Key Achievements 1HY 2009

Rudolf Hadorn, CEO

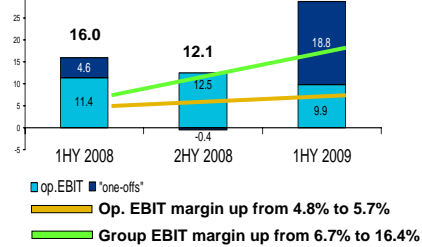


## Improving EBIT ROS in declining market

Consolidated sales development in CHF million



EBIT development in CHF million



- Group sales MCHF 175.0; down 62 MCHF, (26%); @`09 Ex. (19%)
- Target markets sales MCHF 170.3; down 44 MCHF, (21%); @`09 Ex.(12%)
- Operational EBIT MCHF 9.9; down (10%)



**Operational EBIT margin increase from 4.8% to 5.7%**

5

## How we keep Gurit on track in recession

### Major Challenges in 1HY 2009

- Declining markets
- Price pressure
- Sinking capacity utilization
- Achieve ongoing operational improvements

### Actions taken

- ✓ Flexibly adjusted workforce
- ✓ Expand addressable markets
- ✓ Group-wide global sourcing
- ✓ Lean manufacturing progress
- ✓ Use time for retrofits and trainings
- ✓ Reduce production variances across all sites and products
- ✓ New management team in Spain

6

## How we keep Gurit on track in recession

### Opportunities in 1HY 2009

- „One-Stop-Shop“ in Wind
- Build position and reputation
- Seize growth opportunities
- Add-on acquisitions
- Revenue generation
- Manage balance sheet

### Actions set and continued:

- ✓ Expand offering by innovation
- ✓ Ongoing R&D, Product life-cycle management, protect IP
- ✓ Doubled kitting facility, new resin production in China
- ✓ PVC foam made in/for China
- ✓ Expand sales force WE, M, win new customers, supply quotes/material samples, strengthen sales force globally
- ✓ Sale of real estate, reduce debt, well targeted CapEx, currency hedging

7

## Gurit is in good financial health

- ✓ **Improved 5.7% EBIT ROS:** operational progress compensates for lower sales and capacity utilization
- ✓ **Strong operating cash flow** of CHF 37.8 million well covers limited CapEx and allows CHF 15.2 million debt reduction
- ✓ **Net cash position** of CHF 31.6 million and
- ✓ **Solid 62.8% equity ratio:** financial and entrepreneurial agility and scope for organic and external growth

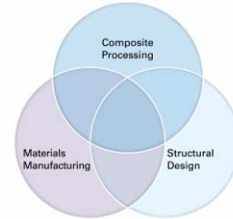


Gurit passes recession solidly funded and maintains respectable EBIT ratio

8

## Favorable long-term Strategic Position

- **Growth** potential long-term in all target markets
- **Innovation** partner with comprehensive composites know-how in
  - structural engineering
  - composite processing
  - materials technology
  - design and prototyping
- **Global presence** in manufacturing and sourcing
- **Synergies** in innovation and procurement across target markets
- **One-stop-shop** for prepregs, foams and formulated products



## Leveraging Strategic Position

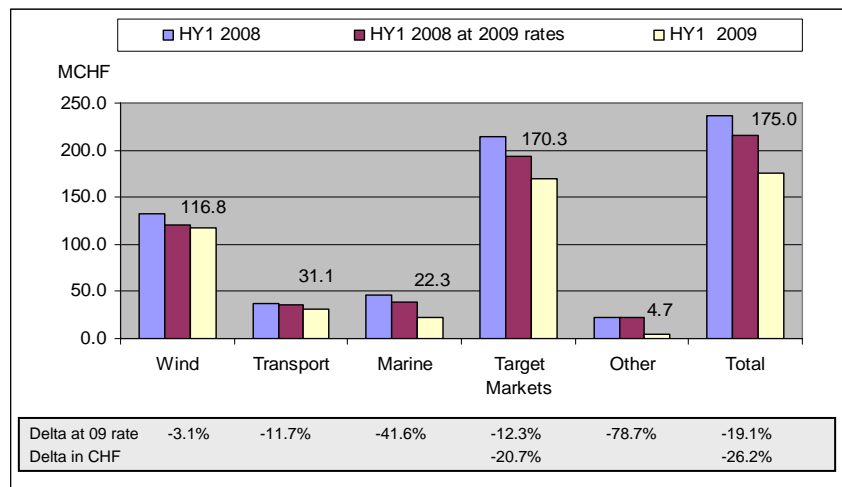
	Wind Energy	Transport	Marine	Engineering, R&D
<b>Growth</b>	<ul style="list-style-type: none"> <li>• <b>New foam customers (CN)</b></li> <li>• Doubled kitting capacity CN</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Second auto account</b></li> </ul>	<ul style="list-style-type: none"> <li>• Many new customers,</li> <li>• Focus Mediterranean</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation in new R&amp;D projects</li> </ul>
<b>Innovation</b>	<ul style="list-style-type: none"> <li>• Cooperate with aerodynamics specialists</li> <li>• <b>PVC started</b></li> </ul>		<ul style="list-style-type: none"> <li>• <b>M-Foam</b>, more at Monaco show</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Investing in CAD</b></li> <li>• <b>New patents</b></li> <li>• New products</li> </ul>
<b>Global Presence</b>	<ul style="list-style-type: none"> <li>• <b>Sales Reps + in (NAE/PRC)</b></li> <li>• Global sourcing</li> <li>• <b>Chinese Web</b></li> </ul>	<ul style="list-style-type: none"> <li>• Rail in China</li> <li>• Global sourcing</li> </ul>	<ul style="list-style-type: none"> <li>• Expand sales in Mediterranean &amp; NE, Asia</li> <li>• Global sourcing</li> </ul>	<ul style="list-style-type: none"> <li>• Focus on new geographic markets</li> </ul>
<b>Synergies</b>	←	<ul style="list-style-type: none"> <li>• Operations</li> <li>• <b>Sourcing</b></li> </ul>	→	<ul style="list-style-type: none"> <li>• Leverage know-how into new applications</li> </ul>
<b>One-Stop-Shop</b>	<ul style="list-style-type: none"> <li>• <b>Support all blade methods</b></li> <li>• Engineering</li> <li>• Penetration</li> </ul>	<ul style="list-style-type: none"> <li>• Entering into secondary aero structures</li> </ul>	<ul style="list-style-type: none"> <li>• Engineering</li> <li>• <b>Full range of materials</b></li> </ul>	<ul style="list-style-type: none"> <li>• Well known composite point of contact in industry</li> </ul>

# Financial Statements 1HY 2009

Markus Knuesli Amacker, CFO

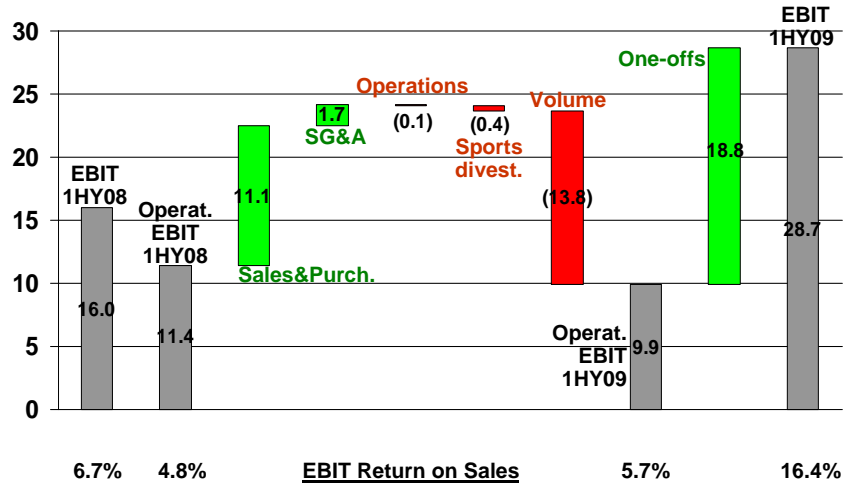


## HY1 2009: Development of sales



Note: Currency restatement is only made to eliminate the translation impact into CHF.  
The effect of the conversion of invoicing into the various local reporting currencies is not eliminated

### Operationally increased EBIT margin and strong one-off boost in Group EBIT



Exceptional Items	HY1 2009	HY1 2008
	MCHF	MCHF
<b>Other gains and (losses), net</b>		
• Result on sale of Fixed assets	1.4	0.6
• Restructuring costs	-0.7	-1.6
• Settlement for Automotive tooling	1.8	-
• Others, net	0.3	0.8
<b>Extraordinary result</b>		
• Settlement Zoltek legal case	16.0	7.4
<b>Impairments &amp; termination benefits</b>		
• Fixed asset impairment Sport closure	-	-2.2
• Termination benefits	-	-0.4
<b>TOTAL EXCEPTIONAL ITEMS</b>	<b>18.8</b>	<b>4.6</b>

- Exceptional items were strongly impacted by the Zoltek settlement of which part has already been recognised in 1HY 2008 based on a hedge contract
- The settlement for the Automotive tooling has been received to compensate for increased operation costs incurred due to the non performing tool
- Restructuring costs in 1HY 2009 were mainly incurred in Canada and the UK

Consolidated P&L	HY1 2009		HY1 2008	
	MCHF	% NS	MCHF	% NS
Net sales	175.0	100.0%	237.1	100.0%
Contribution margin 1	71.5	40.9%	92.4	39.0%
Operating expenses	-61.6	-35.2%	-81.0	-34.2%
<b>Operational EBIT</b>	<b>9.9</b>	<b>5.7%</b>	<b>11.4</b>	<b>4.8%</b>
Exceptional items and other income	18.8	10.7%	4.6	1.9%
<b>EBIT</b>	<b>28.7</b>	<b>16.4%</b>	<b>16.0</b>	<b>6.7%</b>
Financial income and expense	-3.5	-2.0%	-5.0	-2.1%
Taxes	-6.5	-3.7%	-2.5	-1.1%
<b>NET RESULT</b>	<b>18.7</b>	<b>10.7%</b>	<b>8.5</b>	<b>3.6%</b>
<b>RONA</b>	<b>28.2%</b>		<b>12.4%</b>	

- Operating expenses reduced thanks to the strong action plans implemented during the first 6 month 2009 and the disposal / closing of the Sports business
- Financial expenses decreased mainly because of a CHF 1.8 million loan impairment in 1HY 2008
- Overall Group tax rate increased from 23% to 26% of PBT, burdened by certain non taxed losses
- Strong increase in RONA.  
Even including goodwill, RONA would have grown from 7% in 1HY 2008 to 16% in 1HY 2009

15

Consolidated Assets	Jun 09		Dec 08 (restated)		Dec 08 (per IFRS)	
	MCHF	%	MCHF	%	MCHF	%
Cash	63.3	24%	45.9	18%	45.9	12%
Trade receivables	57.0	22%	53.4	21%	53.4	14%
Inventories	30.7	12%	41.0	16%	41.0	11%
Other current assets	8.7	3%	18.8	7%	18.8	5%
Property, plant and equipment	92.5	36%	91.3	35%	91.3	25%
Goodwill	0.0	0%	0.0	0%	114.5	31%
Other non-current assets	8.1	3%	6.8	3%	7.4	2%
<b>TOTAL ASSETS</b>	<b>260.3</b>	<b>100%</b>	<b>257.2</b>	<b>100%</b>	<b>372.3</b>	<b>100%</b>

- The increase in cash is largely due to the Zoltek settlement of MUSD 20.5 in spring and good operational performance
- AR turnover increased from 43 to 59 days, partially due to the strong GBP decline during end of 2008 as well as Sport sales included in 1HY 2008
- The decrease in other current assets is mainly due to the Zoltek settlement and the collection of the receivable from the sale of the Worb property
- Stable Property, plant and equipment despite low net additions due to positive translation impacts of CHF 5.4 million
- Other non current assets comprise intangible assets of CHF 3.4 million and deferred tax assets of CHF 4.6 million

16

Consolidated Liabilities and Equity	Jun 09		Dec 08 (restated)		Dec 08 (per IFRS)	
	MCHF	%	MCHF	%	MCHF	%
Borrowings	31.7	12%	44.2	17%	44.2	12%
Trade payables	21.3	8%	30.3	12%	30.3	8%
Other current payables	14.6	6%	17.9	7%	17.9	5%
Current income tax liabilities	8.2	3%	3.8	1%	3.8	1%
Deferred income tax liabilities	14.6	6%	15.1	6%	15.1	4%
Provisions	3.9	1%	4.5	2%	7.5	2%
Other liabilities	1.0	0%	2.2	1%	2.2	1%
Equity	165.0	63%	139.2	54%	251.3	67%
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>260.3</b>	<b>100%</b>	<b>257.2</b>	<b>100%</b>	<b>372.3</b>	<b>100%</b>

- Overdrafts and maturing loans of CHF 15.2 million have been repaid
- The remaining borrowing mainly relates to long term loans and related short term portions
- The decrease in trade payables reflects lower volumes whilst average payment terms remained stable
- Current income tax liabilities increased mainly in UK as a result of the payment from the Zoltek case
- The changes in equity include positive currency translation of CHF 11.3 million and dividend distributions of CHF 6.1 million

17

Consolidated Cash flow	HY1 2009 MCHF	HY1 2008 MCHF
EBITDA	34.2	25.2
Other cash flow from operating activities	3.1	-10.1
<b>Net cash flow from operating activities</b>	<b>37.3</b>	<b>15.1</b>
Capital expenditures	-3.1	-3.7
Proceeds from sale of PPE and Intangibles	2.2	2.5
Change in borrowings	-15.2	-20.7
Dividend distribution	-6.1	-3.0
Other investing and financing activities	0.1	-0.2
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>15.2</b>	<b>-10.0</b>

- High EBITDA and the collection of the Zoltek hedge and Worb building sale receivables are the main drivers behind the very strong cash flow from operating activities
- Capital expenditures during the first 6 months remained at a low level. Priority continued to be given to exploit existing capacity
- Proceeds from sale of PPE mainly relate to the sale of the former administration building in Wattwil
- Loans and overdrafts have been repaid in Canada, China and the UK

18

# Strategy Implementation and Business Outlook 2009

Rudolf Hadorn, CEO



## Operational Action Plan 2009



## Market situation and strategic steps

### Market

- North America sharply down, Europe declining
- Asian/Chinese market expanding

### Growth drivers

- + „Green energy“ and economic stimulus programs
- + Wind energy grid parity due to lowering costs
- + Strategic position: 3 new customers; 2 new products
- Availability of Wind park financing
- Temporarily low prices for fossil fuels

### Actions taken

- + Expansion in/for China: adhesives, foam kitting, PVC
- + Expanded sales force, NA, Nordic Europe, China
- + Operational progress, new Management team in Spain
- + Flexibly reduced work force slowly ramping up again
- + New/improved products in pipeline



21

## Market situation and strategic steps

### Aerospace

- Stable Airbus build rates, A380 below budget
- Interiors qualification for A350 in fall 2009

### Automotive

- Sluggish start into the year; Second Aston Martin model
- Second customer expected for 2HY 2009

### Rail

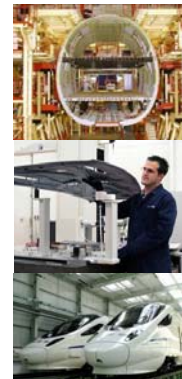
- Follow-on orders for high speed trains in China

### Growth drivers

- Aerospace: business travel, fuel efficiency, aircraft fleet financing
- + Rail: Economic stimulus programs in China
- Auto: Luxury spending

### Actions

- + R&D; Launch of Aerospace Face-Sheet prepregs
- + Confirmed supplies for payload fairings of Ariane 5 rockets
- + Material proposals for Airbus A350
- + Expanding application/customer base; 2 new Aero customers, various prepreg orders from smaller clients, supply quotes/samples to potential Aero & Space, and Rail OEMs



22

## Market situation and strategic steps

### Markets

- Massive decline inline with other luxury markets
- Large custom made super yachts finished as planned
- Very few new projects launched
- Production boat market in shambles



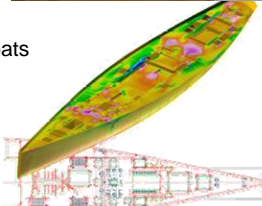
### Growth drivers

- Regatta calendar, fleet size, sponsoring/advertising budgets
- Luxury spending of HNI
- + Reputation, market position, market presence
- + Size of addressable market: Product launches, innovation



### Actions

- + M-Foam family, further launches scheduled for 2HY 2009
- + Leverage structural/fire retardant expertise into commercial boats
- + Gain market share by enhancing sales/distribution in Nordic, Mediterranean Europe, Asia/Pacific
- + New long-term contracts signed



23

## Acquisition

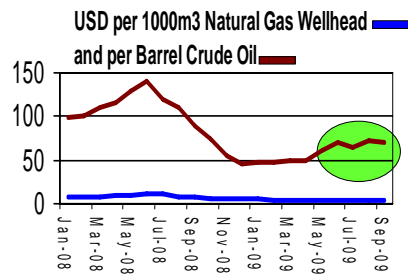
- One enhancing acquisition executed:  
Majority stake in Structural Foam factory in China:
  - PVC foam, Gurit is developing new foam
  - Sales of CHF currently low single digit MCHF
  - Ca. 70 employees
  - Will serve as platform to develop new core materials made in/for China
- Gurit reviews further suitable, business model enhancements

24

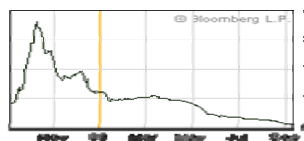
## Market activity cockpit

	1HY 2009	2HY 2009	2010	2011
Wind Energy	Europe North America Asia/China	Europe North America Asia/China	Europe North America Asia/China	Europe North America Asia/China
Transportation	Aerospace Automotive Rail	Aerospace Automotive Rail	Aerospace Automotive Rail	Aerospace Automotive Rail
Marine	Race / Super Production Commercial	Race / Super Production Commercial	Race / Super Production Commercial	Race / Super Production Commercial

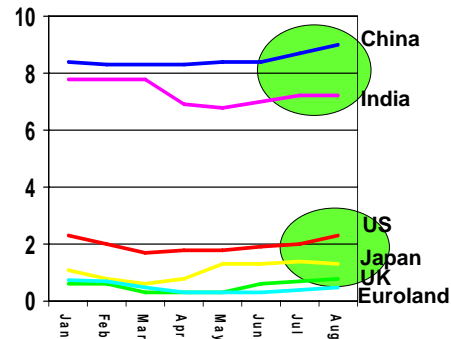
## Key macro economic drivers for Gurit



3 Month Libor OIS spreads



2010 GDP forecasts (by forecast date; annual % change)



## Outlook and Guidance

2009:

- Sales: Weak Q3, improving Q4 trend
- Cost: Flexible adjustment of business model's cost base
- EBIT: Target to maintain 2008 operational EBIT ratio of 5%

Mid term (2010/11):

- Sales: Return to traditional growth corridors of target markets
- EBIT: margin 8-10%

## Communication Schedule

- Q3 sales figures in October
- Preliminary FY 2009 sales figures in January 2010
- FY 2009 results in March 2010
- HY 2010 results in September 2010